

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02
DODE-00 EB-08 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-10 EURE-00 NEA-10 EA-09
/135 W

-----141441Z 034275 /41

P 141324Z FEB 77

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 9878

USDOC WASHDC PRIORITY

UNCLAS SECTION 1 OF 2 THE HAGUE 0795

USDOC FOR PETER B. FIELD OIM/BIC/DIBA (TEL EXT 5373)

E.O. 11652: NA

TAGS: BEXP NL

SUBJECT: USG PAVILION AT PETROTECH '78 AMSTERDAM

REF: (A) FIELD/HARARY TELECON, FEBRUARY 4, 1977, (B) THE HAGUE
0750, (C) THE HAGUE 0700, (D) THE HAGUE 0132, (E) 76 THE HAGE
A-124, (F) 76 THE HAGUE 5041, (G) 76 THE HAGUE A-50.

1. THIS CABLE COVERS THE QUESTIONS RAISED BY FRANCE/
BENELUX CMM FIELD IN REF A. IT ALSO REPORTS DEVELOPMENTS
RE PETROTECH '78.

2. PETROTECH MANAGEMENT HAS NOT REPEAT NOT MADE ANY
AGREEMENT WITH OFFSHORE TECHNOLOGY CONFERENCE (OTC), HOUSTON,
OR OFFSHORE EXHIBIT (EUROPEX) SCHEDULED FOR OCTOBER 1978
IN ENGLAND. IT SPECIFICALLY STATED THAT QUESTION OF PETRO-
TECH LIMITING ITSELF TO ONSHORE ASPECTS OF PETROLEUM INDUSTRY
WAS NEITHER RAISED NOR CONSIDERED.

3. PETROTECH MANAGEMENT HAS NO REPEAT NO KNOWLEDGE OF INCHEBA
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CHEMICAL EXHIBITION SCHEDULED TO BE HELD IN BRATISLAVA AT END
OF JUNE 1978. IT TTOLD US THAT ABOVE EVENT WOULD HAVE NO
IMPACT ON RECRUITMENT FOR PETROTECH 78.

4. BASICALLY, PETROTECH COVERS FOUR SECTORS: CHEMICALS AND
PETROCHEMICALS, PETROLEUM REFINING, OIL AND GAS EXPLORATION
AND PRODUCTION, AND OIL AND GAS PIPELINES. ALL THESE

INDUSTRIES ARE HEAVY USERS OF POLLUTION AND PROCESS CONTROL EQUIPMENT. THE ABOVE SECTORS HAVE BEEN INCLUDED IN FY-78 CCP (REF B) AND WE PLAN TO PROMOTE THEM AT PETROTECH 78.

5. SELECTED DATA ON PRINCIPAL PETROTECH INDUSTRIES FOLLOW:

A. CHEMICAL AND PETROCHEMICAL INDUSTRY. BESIDES INFORMATION IN REFS B AND E, DUTCH IMPORTS OF EQUIPMENT USED MAINLY IN CHEMICAL AND PETROCHEMICAL INDUSTRIES ROSE BY OVER 30 PERCENT BETWEEN 1973 AND 1975, MOVING FROM \$107 MILLION TO \$140 MILLION.

B. PETROLEUM REFINING. ANNUAL INVESTMENT IN THIS INDUSTRY FOR THE YEARS 1972 TO 1976 AMOUNTED TO (\$ MILLION): 224, 140, 61, 90, AND 66 RESPECTIVELY. IT HAS BEEN AFFECTED BY INCREASED WORLD OIL PRICES AND THE ECONOMIC SLUMP OF 1974/76. WHILE CAPACITY EXPANSION IS NOT EXPECTED IN NEXT FEW YEARS, THERE IS A DEFINITE SHIFT IN THE PRODUCT MIX OF THIS INDUSTRY. SHELL AND BRITISH PETROLEUM RECENTLY ANNOUNCED PLANS TO INVEST ABOUT \$135 MILLION TO SHIFT OUTPUT AWAY FROM FUEL OIL TOWARDS LIGHTER PETROLEUM PRODUCTS IN RESPONSE TO CHANGE IN DEMAND. WE UNDERSTAND THAT BOTH ESSO AND CHEVRON ARE ALSO CONSIDERING SUCH SHIFTS FOR THEIR REFINERIES HERE. ACCORDING TO TRADE SOURCES, REAL ANNUAL GROWTH IN OUTPUT FROM DUTCH REFINERIES WILL BE 4 PERCENT FOR THE NEXT SEVERAL YEARS.

C. OIL AND GAS EXPLORATION AND PRODUCTION. ANNUAL INVESTMENT FOR THE YEARS 1972 TO 1976 AMOUNTED TO (\$ MILLION): 294, 267, 263, 515, AND 448 (ESTIMATED). IMPORTS OF OIL UNCLASSIFIED

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AND GAS DRILLING EQUIPMENT HAVE ALSO GROWN SUBSTANTIALLY IN LAST FOUR YEARS MOVING FROM \$21 MILLION IN 1973 TO AN ESTIMATED \$73 MILLION IN 1976. US SHARE INCREASED BY HIGHER RATE, FROM \$13 MILLION IN 1973 TO \$51 MILLION IN 1976. ESTIMATES OF RATE OF REAL ANNUAL GROWTH OF IMPORTS THROUGH 1980 RANGE FROM 10 TO 20 PERCENT.

D. OIL AND GAS PIPELINES. ABOUT 1,670 MILES OF OIL AND GAS PIPELINES EXPECTED TO BE LAID IN EUROPE DURING 1977. THIS REQUIRES SUBSTANTIAL PIPELINE EQUIPMENT, NEARLY ALL OF WHICH COMES FROM THE US ON DIRECT SALE OR LEASE BASIS. WE WERE NOT ABLE TO SECURE DATA FOR SUBSEQUENT YEARS. IT SHOULD BE NOTED THAT THE LARGE NUMBER OF ENGINEERING FIRMS LOCATED IN NETHERLANDS ARE ACTIVE IN NEAR EAST AND AFRICA ON PIPELINE PROJECTS. THESE COMPANIES WILL BE OF INTEREST TO US EXHIBITORS AT PETROTECH 78.

6. ALL ABOVE INDUSTRIES ARE THE MAJOR PURCHASERS IN THE NETHERLANDS OF PUMPS, VALVES AND COMPRESSORS (PVC). IMPORTS

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 9879

USDOC WASHDC PRIORITY

UNCLAS SECTION 2 OF 2 THE HAGUE 0795

USDOC FOR PETER B. FIELD, OIM/BIC/DIBA (TEL: EX: 5373)

OF THESE THREE PRODUCTS (WHICH WERE NOT INCLUDED IN ABOVE DATA) INCREASED FROM \$196 MILLION IN 1973 TO AN ESTIMATED \$296 MILLION IN 1976. THOSE FROM U.S. ROSE AT HIGHER RATE FROM \$26 MILLION IN 1973 TO ABOUT \$45 MILLION IN 1976. AVERAGE ANNUAL GROWTH OF IMPORTS DURING ABOVE FOUR YEARS: 10.7 PERCENT: THAT OF U.S. PRODUCTS: 15.2 PERCENT.

A. IMPORTS OF VALVES GREW FROM \$107 MILLION IN 1973 TO AN ESTIMATED \$147 MILLION IN 1976. HOWEVER, THE U.S. SHARE INCREASED FASTER, JUMPING FROM \$13 MILLION IN 1973 TO AN ESTIMATED \$23 MILLION IN 1976. AVERAGE ANNUAL GROWTH FOR TOTAL IMPORTS HAS BEEN 8.2 PERCENT WHILE THAT FROM U.S. WAS 15 PERCENT.

B. IMPORTS OF PUMPS FOR THE PETROLEUM RELATED INDUSTRIES CLIMBED FROM \$57 MILLION IN 1973 TO \$90 MILLION IN 1976. THOSE FROM THE U.S. ALMOST DOUBLED, MOVING FROM \$8.4 MILLION IN 1973 TO AN ESTIMATED \$16.5 MILLION IN 1976. AVERAGE ANNUAL GROWTH OF IMPORTS IN 1973/76 PERIOD: 12 PERCENT: THAT OF IMPORTS FROM U.S.: 18.4 PERCENT.

C. IMPORTS OF COMPRESSORS FOR THE PETROLEUM RELATED INDUSTRIES ALSO INCREASED FROM \$32 MILLION IN 1973 TO AN ESTIMATED \$59 MILLION IN 1976, THE U.S. SHARE MOVING FROM \$4.5 MILLION
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IN 1973 TO AN ESTIMATED \$6.3 MILLION IN 1976. AVERAGE ANNUAL GROWTH OF IMPORTS FOR 1973/76 : 16.5 PERCENT: FROM THE U.S. 8.8 PERCENT ONLY.

7. AS INDICATED IN REF. B, THE U.S. EXPORTS OF PRODUCTION PROCESS CONTROL INSTRUMENTATION INCREASED BY 52 PERCENT FROM \$8.4 MILLION IN 1973 TO \$14.5 MILLION IN 1975-- AN AVERAGE ANNUAL GROWTH RATE EXCEEDING 20 PERCENT.

8. FOR POLLUTION CONTROL EQUIPMENT, SEE REFS: B AND E.

9. OF COURSE THE TARGET INDUSTRY MIX FOR USG PAVILLION AT PETROTECH REQUIRES FLEXIBILITY AND WILL DEPEND ON INDUSTRY RESPONSES TO PROCUREMENT EFFORTS. AS REQUESTED IN REF A, WE SUBMIT BELOW MIX FOR CONSIDERATION BY USDOC, WITH SOME SPECIFIC PRODUCTS FOR EACH CATEGORY. ALSO SEE ENCLOSURE 6, REF.G.

A. ONSHORE: 30 PERCENT. CHEMICAL AND PETROCHEMICAL PROCESSING EQUIPMENT, INCLUDING HEAT EXCHANGERS AND TRANSFER EQUIPEMNT, AS WELL AS NOISE SUPPRESSION EQUIPMENT: EQUIPMENT FOR OIL REFINER-IES: SAFETY AND FIRE FIGHTING EQUIPMNT FOR END- USERS OF ABOVE EQUIPMNT: ALSO SEE PRIORITIES 2, 7. AND 11, ENCLOSURE 2, REF. E.

B. PUMPS, VALVES AND COMPRESSORS (PVC): 25 PERCENT. CRYOGENIC PVC: PVC FOR LIQUID NATURAL GAS (LNG) AND LIQUID PETROLEUM GAS (LPG)PRODUCTION.

C. OFFSHORE: 20 PERCENT. DIVING EQUIPMENT: OCEANOGRAPHIC AND SEISMIC EQUIPMENT: AND OFFSHORE PIPELINE MAINTENANCE AND CONTROL EQUIPMENT: ALSO SEE PRIORITIES 2 AND 7, AENCLOSSCURE 2. REF E.

D. POLLUTION CONTROL: 15 PECENT. SEE PRIORITY 7, ENCLOSURE 2, REF E.

E. PROCESS CONTROL INSTRUMENTSTION: 10 PERCENT. TEMPERATURE UNCLASSIFIED

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CONTROL INSTRUMENTS: GAS AND LIQUID ACONTROL INSTRUMENTS: PAMEL INSTRUMENTS FOR DISPLAY AND CONTROL: AND INSTRUMENTS FOR MEASURING FLOWS.

10. FOLLOWING NW DEVELOPMENTS RE PRROCTECH '78 MAY BE OF INGEREST TO USDOC:

A. MANAGEMENT HAS ALERADY SOLD 9,000 SQUARE METERS OF EXHIBITION SPACE.

B. BESIDES U.S.? THREE COUNTRIES WILL AVE NATIONAL PAVILIONS: U.D. WITH 1, P000 SQUARE METERS, BELGIUM WITH 400 SQUARE METERS, AND ITALY WITH 350 SQUARE METERS.

C. TWENTY-FIVE AMERICAN COMPANIES HAVE CONTACTED PETROTECH DIRECTLY FOR POSSIBLE PARTICIPATION IN 1978 EVENT. WITHOUT PRIOR CONSULTATION WITH EMBASSY, FAIR MANAGEMENT INCLUDED IN ITS RESPONSES TO ABOVE FIRMS FOLLOWING: QUOTE IT MAY BE OF INTEREST FOR YOU TO KNOW THAT THE U.S. DEPARTMENT OF COMMERCE IS CONSIDERING TO ORGANIZE A JOINT VENTURE STAND AT PETROTECH 78 SHOULD YOU LIKE TO KNOW ABOUT THIS POSSIBILITY OF PARTICIPATING, PLEASE CONTACT MR. PETER B. FIELD, CCM (SIC) FRANCE/BENELUX OIM UNQUOTE, FOLLOWED BY FIELD'S ADDRESS IN COMMERCE.

D. PETROTECH MANAGEMENT GREATLY INTERESTED IN US PARTICIPATION. DEPUTY DIRECTOR OF RAI, W. BASS (WHO HAS HAD CONTACTS WITH OIM DIRECTOR GARNITZ), TOLD US HE WILLING MAKE TRIP TO WASHINGTON TO DISCUSS MATTER WITH USDOC. WE SUGGESTED THAT VISIT BE HELD IN TEMPORARY ABSENCE UNTIL WE HEAR FROM COMMERCE.

E. WE COULD USE OUR OWN DESIGN SYSTEM FOR US PAVILLION, SUBJECT TO UNUSUAL ROUTING APPROVAL BY FAIR MANAGEMENT.

F. AIRMAILED TO CCM FIELD ADDITIONAL PETROTECH 78 BROCHURES, LIST OF ABOVE MENTIONED TWENTYFIVE AMERICAN COMPANIES, AS WELL AS COPIES OF PETROTECH'S RESPONSES TO THEM WHICH INCLUDE THE NAME OF THE APPROPRIATE EXECUTIVE OF EACH FIRM.

11. COMMENT. WE HAVE INDICATED PETROTECH AS THE MAJOR PROMOTION EVENT OF FOUR PRIORITY CAMPAIGNS IN FY78 CCP SEE REF. B. WE CONSIDER THIS EXHIBITION AS AN EXCELLENT TOOL OF US EXPORT UNCLASSIFIED

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PROMOTION, WE HOPE THAT FAVORABLE DECISION FOR US PARTICIPATION WILL NOW BE MADE TO ENSURE GOOD LOCATION FOR US PAVILION. MCCLOSKEY

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